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TO AMEMBASSY LONDON

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FOLLOWING REPEAT TOKYO 2501 SENT SECSTATE INFO CANBERRA
DATED FEB 26.

QUOTE

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E.O. 11652: N/A

TAGS: BTCL, TSPA, JA

SUBJECT: MARITIME SATELLITES: CONSULTATIONS WITH JAPAN

REF: TOKYO 2452 (NOTAL)

CANBERRA FOR WALDMANN

1. DEP. ASST. SEC. WALDMANN, MR. F. URBANY, WHITE HOUSE OTP
AND FSO K.L. NORTON, U.S. EMBASSY TOKYO, MET FEB. 24 AT THE
MOFA TOKYO FOR THE FIRST SESSION OF DISCUSSIONS WITH A
JAPANESE DELEGATION HEADED BY MR. E. NODA, DEPUTY DIRECTOR
GENERAL, U.N. BUREAU MOFA AND MR. K. SASE, COUNSELLOR
OF TELECOMMUNICATIONS, MINISTRY OF POSTS AND
TELECOMMUNICATIONS. REPRESENTATIVES OF THE MINISTRY OF TRANS-
PORT AND THE SCIENCE AND TECHNOLOGY AGENCY ALSO ATTENDED. THE
SECOND SESSION HELD FEB. 25 AT THE MPT WITH MR. SASE
AND MPT OFFICIALS.

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2. DURING THEIR OPENING REMARKS, THE GOJ DELEGATION PASSED TO THE U.S. A COPY OF THEIR COMMENTS TO THE IMCO SECGEN ON THE POE DRAFT AGREEMENT. (TEXT OF COMMENTS SENT AS REFTEL). IT WAS NOTED THE COMMENTS ONLY REFLECT CURRENT GOJ THINKING AND NO OFFICIAL GOJ POSITIONS HAVE BEEN SET. IT WAS ALSO NOTED THAT THE U.S. AND JAPAN APPEAR TO BE IN GENERAL AGREEMENT ON MOST ISSUES.

3. IN THEIR OPENING REMARKS THE GOJ STRESSED THEIR DESIRE FOR AN ECONOMICALLY VIABLE SYSTEM TO BE OPERATED ON A COMMERCIAL BASIS AND THE NEED TO KEEP COSTS DOWN. THEY ALSO ASKED IF INTELSAT COULD PROVIDE THE PROPOSED INMARSAT SERVICES AND SAID THEY INTENDED TO RAISE THIS QUESTION AT THE LONDON CONFERENCE.

4. IN RESPONSE TO THE US TWO AGREEMENT PROPOSAL, THE GOJ SAID THEY DO NOT WANT THE POE REPORT, WHICH THEY SEE AS BASICALLY A EUROPEAN PRODUCT, TO BE THE SOLE BASIC DOCUMENT FOR THE LONDON CONFERENCE AND STRONGLY SUPPORT THE SUBMISSION OF THE U.S. DRAFT AGREEMENTS TO THE CONFERENCE. THE GOJ PREFERS TWO AGREEMENTS TO ONE BUT THEY COULD ACCEPT ONE AGREEMENT IF NECESSARY. THE GOJ SPECIFICALLY LIKES THE PROVISION IN THE US DRAFT INTERGOVERNMENTAL AGREEMENT FOR THE SYSTEM TO BE OPERATED ON A COMMERCIAL BASIS. PROFITABLE OPERATION OF THE SYSTEM IS ONE OF THE GOJ'S VITAL CONCERNS AND THEY FEEL SPECIFICATION OF A COMMERCIAL BASIS OF OPERATION IS NEEDED IN ANY DRAFT ADOPTED AT THE CONFERENCE. JAPAN AGREED WITH THE US PROPOSAL FOR A STRONG COUNCIL, AGAIN STRESSING THEIR DESIRE FOR ECONOMIC, NOT POLITICAL CONSIDERATIONS BEING PARAMOUNT IN INMARSAT.

5. PROCUREMENT POLICY WAS AN AREA WHERE THE GOJ RESERVED THEIR POSITION. WHILE THEY FELT THAT COMPETITIVE BIDS WERE DESIRABLE, THEY HAD NOT DECIDED BETWEEN ALT. A AND ALT B IN POE DRAFT AGREEMENT. THEY DID AGREE HOWEVER THAT THE VAGUE WORDING IN ALT. A SHOULD BE REPLACED. THE GOJ SAID THEY WOULD NOT SUPPORT A PROCUREMENT SYSTEM THAT WOULD SUBSIDIZE EUROPEAN INDUSTRY BUT LEFT THE IMPRESSION THAT IF AN ALLOCATIVE PROCUREMENT SYSTEM WERE PROPOSED GIVING JAPANESE INDUSTRY A FAIR SHARE, THEY WOULD NOT OPPOSE IT.

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6. DISCRIMINATORY ACCESS WAS SUPPORTED BY GOJ. THEY FELT THAT THERE SHOULD BE UNIFORM CHARGES FOR ALL USERS AND ANY COMPENSATION TO INVESTORS FOR THE ADDITIONAL RISK THEY ASSUME SHOULD BE THROUGH INCREASED RETURN ON INVESTMENT TO INVESTORS NOT THROUGH DIFFERENTIAL PRICING.

7. THE GOJ FEELS THE LONDON CONFERENCE SHOULD BE ORGANIZED

IN SUCH A WAY THAT ECONOMIC CONSIDERATIONS HAVE A STRONG INFLUENCE ON THE OUTCOME. THEY FEEL AS FEW COMMITTEES AS POSSIBLE SHOULD BE ESTABLISHED AND RATHER THAN THE THREE THE US PROPOSES, TWO COMMITTEES MIGHT BE BETTER. THEY SUGGEST ONE FOR TECHNICAL PROBLEMS AND ANOTHER FOR ECONOMICS AND ORGANIZATION. THE GOJ IS AFRAID THAT IF THE ECONOMIC AND ORGANIZATION ARE SEPARATED, POLITICAL CONSIDERATIONS RATHER THAN ECONOMIC MAY PREDOMINATE IN THE FORMULATION OF THE ORGANIZATION. THEY FEEL TWO OR THREE YEARS WILL BE NEEDED TO SET UP THE ORGANIZATION.

8. OTHER TOPICS DISCUSSED INCLUDED:

A. THE GOJ FELT LIASON WITH USERS IMPORTANT BUT DID NOT FEEL A SEPARATE FORMAL BODY IS NEEDED. THEY SUGGESTED EXISTING BODIES SUCH AS THE INTERNATIONAL CHAMBER OF SHIPPING BE USED.

B. AS INMARSAT IS A SEPARATE ORGANIZATION FROM IMCO, THEY OBJECTED TO IMCO AS A DEPOSITORY AND WOULD RATHER HAVE THE U.N. ITSELF OR ANOTHER COUNTRY BE DEPOSITORY.

C. UNDER CURRENT JAPANESE LAW THE SYSTEM COULD NOT BE USED IN JAPANESE PORTS OR TERRITORIAL WATERS. THEY AGREED THIS PROBLEM AND THE PROBLEM OF REVENUE LOSS TO DOMESTIC SYSTEMS BY IN PORT USAGE WOULD HAVE TO BE EXPLORED FURTHER.

D. JAPAN WOULD NEED ENABLING LEGISLATION TO PARTICIPATE AS THE SCOPE OF THE PROPOSED SYSTEM GOES BEYOND PUBLIC TELECOMMUNICATIONS.

E. JAPAN AGREES WITH THE POE PROPOSAL THAT RADIO DETERMINED OFFICIAL USE

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MINATION BE AN OPTIONAL FEATURE OF THE SYSTEM.

F. GOJ DID NOT KNOW SIZE OF JAPANESE VESSELS THAT WOULD USE SYSTEM.

G. CURRENT JAPANESE SHIPBUILDING SUBSIDIES WOULD PROBABLY NOT COVER INSTALLATION OF TERMINALS.

9. JAPAN WAS INTERESTED IN CURRENT DEVELOPMENTS IN THE MAROTS AND MARISAT SYSTEMS. THEY WERE INTERESTED IN THE POSSIBILITY OF INTELSAT LEASING SERVICES FROM THESE AND OTHER EXISTING SYSTEMS AND FELT THE LEASE OPTION SHOULD BE AVAILABLE TO THE ORGANIZATION.

10. THE JAPANESE ARE NOT ENTHUSIASTIC ABOUT THE SYSTEM WHICH

THEY SEE AS A EUROPEAN PROJECT AS THEIR SURVEY OF THE JAPANESE SHIPPING INDUSTRY SHOWED ALMOST HALF THE RESPONDENTS HAD LITTLE OR NO INTEREST IN USING THE SYSTEM AND EXPECTED DEFICIT AND LONG PAYBACK PERIOD IS NOT ATTRACTIVE TO POTENTIAL JAPANESE DESIGNATED ENTITIES. THEY SEEM TO FEEL THERE IS LITTLE BENEFIT FOR THEM UNLESS THE SYSTEM IS OPERATIONAL GLOBALLY AND THEY PROPOSE THAT A TARGET DATE FOR COMPLETION BE INCLUDED IN THE AGREEMENT TO ASSURE THIS AT AN EARLY DATE.

11. THEY WOULD LIKE TO SEE GREATER PARTICIPATION IN THE CONFERENCE BY OTHER ASIAN COUNTRIES TO HELP BALANCE THE EUROPEAN DOMINANCE BUT DO NOT THINK OTHER ASIAN COUNTRIES EXCEPT AUSTRALIA WILL PARTICIPATE. THEY EXPRESSED A DESIRE TO WORK CLOSELY WITH COUNTRIES LIKE THE U.S., AUSTRALIA AND CANADA AT THE CONFERENCE. THE U.S. ALSO EXPRESSED A DESIRE TO WORK CLOSELY WITH JAPAN AND PROMISED TO KEEP THEM INFORMED ON THE U.S. DRAFT PROPOSALS, PROVIDE ADVANCE COPIES IF POSSIBLE, AND CONSULT WITH THEM PRIOR TO OR ON THE FIRST DAY OF THE CONFERENCE.

12. IN THE DISCUSSION IT WAS APPARENT THAT JAPAN HAD NOT GIVEN THE CONFERENCE MUCH CONSIDERATION BEYOND WHAT IS SHOWN IN THEIR COMMENTS TO IMCO. THEY REPEATEDLY REFERRED TO THE INTELSAT NEGOTIATIONS AND AGREEMENT AS A PERCEDENT WHEN ASKED FOR VIEWS NOT CONTAINED IN THEIR WRITTEN LIMITED OFFICIAL USE

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COMMENTS. THEY WILL PROBABLY CONTINUE TO LOOK AT INTELSAT AS A MODEL FOR INMARSAT.

13. AS A POINT OF INTEREST, JAPAN ASKED ABOUT THE AEROSAT SYSTEM. THE U.S. SAID IT HAD NO OBJECTION TO THE PARTICIPATION OF A JAPANESE EXPERT IN THE COORDINATING OFFICE. THE U.S. ALSO AGREED WITH JAPAN THAT IT WOULD NOT LIKE TO SEE ANOTHER INTERNATIONAL ORGANIZATION ESTABLISHED IF AEROSAT GOES OPERATIONAL.
HODGSON UNQUOTE INGERSOLL

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